

STATEMENT OF CONSIDERATIONS

REQUEST BY ABB POWER T&D COMPANY INC., (T&D) FOR AN
ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS
UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC36-98G010284;
W(A)-98-016; CH-0982

The Petitioner, ABB Power T&D Company, Inc., and on behalf of its alliance team members, Air Products and Chemicals, Inc. (APCI) and Edison Technology Solutions (ETS), has requested a waiver of domestic and foreign patent rights for all subject inventions arising under the above referenced cooperative agreement. The cooperative agreement is entitled, "Development and Demonstration of a 10MVA High Temperature Superconducting Transformer."

The objective of this cooperative agreement is to design, build, test, install, and monitor the performance of a prototype 10 MVA high temperature superconducting transformer (HTST). The project will focus on maximizing power system benefits by developing a transformer with an intrinsic current limiting capability and a low impedance design. The project is to be completed in the following four phases: 1) system studies and benefit analysis; 2) specification and design development; 3) manufacture of a prototype HTST; and 4) field demonstration of the HTST, including installation and monitoring of the prototype at the host site.

The total anticipated cost of the cooperative agreement, over the course of its four phases, is \$10.7 million. The approved budget for Phase 1 is \$1.24 million, with the Petitioner's share being \$.63 million, for approximately 50% cost sharing. This cost sharing is to be shared between Petitioner and its alliance team members, as further described in the petition. The waiver is contingent upon the Petitioner and the team members maintaining, substantially, the above cost sharing percentages during the course of the agreement.

As noted in its waiver petition, Petitioner is a leading provider of equipment for the transmission and distribution of electricity. It employs about 5,600 personnel at 21 manufacturing facilities in the U.S. and provides a complete range of systems and products for power transmission networks and local distribution and control systems. Petitioner states that it is firmly committed to the development of HTST technology, having invested about \$10.8 million in HTST development and related technologies. Also, Petitioner has designed, constructed and installed the world's only HTST, a 630kVA three phase unit in Geneva, Switzerland, which is fully operational. Considering

Petitioner's technical expertise, established market position, and significant investment in this technology including sizable cost sharing in this cooperative agreement, it is reasonable to conclude that Petitioner will continue to develop and ultimately commercialize the technology and products which may arise from this cooperative agreement.


As set out in the attached waiver petition, Petitioner has also requested a waiver of patent rights in the subject inventions of its lower tier subcontractors, APCI and ETS. It is believed that waving title to these inventions on the same terms and conditions as the Petitioner will facilitate timely commercialization of the technology by furthering the establishment of business and technical relationships between the parties and providing a mechanism for obtaining meaningful cost sharing between the parties. This waiver contemplates that the parties will allocate title or other rights to inventions among themselves as they deem appropriate during the course of their association consistent with the terms of this waiver. Accordingly, title may be waived directly to a subcontractor upon mutual agreement of the Petitioner and the subcontractor. However, this waiver will only apply to such subcontractor(s) who provide a letter to DOE acknowledging their right to ask for a waiver and agreeing to the terms of this waiver. This waiver shall not impact the rights of those parties subject to Public Law 96-517, as amended, nor shall it grant any rights in inventions made by employees of the National Laboratories.

Petitioner has agreed that this waiver shall be subject to the march-in and preference for U.S. industry provisions, as well as the U.S. Government license, comparable to those set out in 35 U.S.C. 202-204. Further, Petitioner has agreed to the U.S. competitiveness provisions as attached to this Statement. In brief, Petitioner has agreed that products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless Petitioner can show to the satisfaction of the DOE that it is not commercially feasible to do so, and that Petitioner will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Additionally, Petitioner has agreed to contractor data licensing provisions, as attached herein. The contractor data licensing provisions allow for third party licensing of limited rights data or restricted rights software in certain situations. Likewise, the U.S. competitiveness and the contractor data licensing provisions will also be applicable to all subcontractors receiving a waiver of patent rights.


Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on

competition. In the field of transformers, there are numerous designs, as well as competitors. It is expected that the success of this cooperative agreement will make the HTST technology more competitive with conventional transformer technology. Such success would not only increase the range of products available in the market place, but likely stimulate further investment and competition in the HTST technology.

Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the cooperative agreement in a fashion which will make the above technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and in view of the objectives and considerations set forth in 10 CFR Part 784, all of which have been considered, it is recommended that the requested waiver be granted.

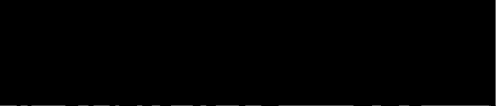

Thomas G. Anderson
Assistant Chief Counsel
Office of Intellectual
Property Law

Date: 4/14/99


Daniel D. Park
Patent Attorney
Office of Intellectual
Property Law


Date: 4/14/99

Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the United States and the general public will best be served by a waiver of patent rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of the cooperative agreement, where through such modification or extension, the purpose, scope or cost of the cooperative agreement has been substantially altered.


Daniel M. Adamson
Deputy Assistant Secretary
for Power Technologies
EE-10

Date: 5-11-99

APPROVAL:


Paul A. Gottlieb
Assistant General Counsel
for Technology Transfer and
Intellectual Property

Date: 5-17-99

WAIVER ACTION - ABSTRACT
W(A)-98-016

REQUESTOR

ABB Power T&D
Company, Inc.

CONTRACT SCOPE OF WORK

Development of a
10 MVA HTS
transformer

RATIONALE FOR DECISION

50% cost sharing

(t) U. S. COMPETITIVENESS

The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Contractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event the DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.

Rights in Data - General (JUN 1987), is amended by adding paragraph (k) as follows:

(k) Contractor Licensing. Except as may be otherwise specified in this contract as data not subject to this paragraph, the contractor agrees that upon written application by DOE, it will grant to the Government and responsible third parties, for purposes of practicing a subject of this contract, a nonexclusive license in any limited rights data or restricted rights software on terms and conditions reasonable under the circumstances including appropriate provisions for confidentiality; provided, however, the contractor shall not be obliged to license any such data if the contractor demonstrates to the satisfaction of the Secretary of Energy or designee that:

(1) Such data are not essential to the manufacture or practice of hardware designed or fabricated, or processes developed, under this contract;

(2) Such data, in the form of results obtained by their use, have a commercially competitive alternate available or readily introducible from one or more other sources;

(3) Such data, in the form of results obtained by their use, are being supplied by the contractor or its licensees in sufficient quantity and at reasonable prices to satisfy market needs, or the contractor or its licensees have taken effective steps or within a reasonable time are expected to take effective steps to so supply such data in the form of results obtained by their use; or

(4) Such data, in the form of results obtained by their use, can be furnished by another firm skilled in the art of manufacturing items or performing processes of the same general type and character necessary to achieve the contract results.